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REVIEW OF FEDERAL MEAT GRADING

Standardization and inspection of farm products trace from the desire and need of producers, dealers, and consumers for a uniform "yardstick" with which to measure important variations in quality. The producer is interested in getting the price to which the quality of his product and the condition of the market entitle him. The processor and distributor need a quality gauge to facilitate buying and selling, particularly at long distances. The consumer wants assurance that he is obtaining a product of a quality in line with the price paid.

These needs and wishes, translated into group and legislative action, have resulted in the development of United States standards of quality for nearly all of the important agricultural commodities produced in this country. For some commodities the standards are mandatory, that is, no other standards may be used lawfully if the produce is sold by grade and shipped in interstate or foreign commerce. This is true for grain and cotton. For other farm products the standards are permissive--in most instances these are used voluntarily as quality guides in buying and selling.

This is a review of Federal meat grading--its early history and subsequent growth, the development and evolution of the official grade standards, the manner in which the standards are used by the industry, and the administration of the meat grading program and problems associated therewith.

Since beef was the first kind of meat for which standards were developed and the first kind of meat that was federally graded and since the grading of beef has been the most important aspect of the Department's meat grading activity, this is given particular prominence in the review. Official standards have been developed for veal and calf and for lamb, yearling mutton, and mutton; and the history, developments, and problems associated with the grading

of these meats have been quite comparable with those described herein.

Early History

In 1916, official recognition was given to grades of beef by the U. S. Department of Agriculture for the purpose of establishing a national market news service. At that time, the only grade standards were those published by the Illinois Agricultural Experiment Station. In 1923, tentative United States standards for grades of beef were prepared and issued in mimeograph form, and meat grading was begun for two government agencies--the U. S. Shipping Board and the Veterans Bureau hospitals. The following year, on August 13, 1924, these tentative standards were published in Department Bulletin No. 1246, entitled "Market Classes and Grades of Dressed Beef." These were the first grade standards for meat issued by the Department of Agriculture.

In the summer and fall of 1925, hearings were held in Boston, New York, Philadelphia, Baltimore, Kansas City, Omaha, St. Paul, Denver, Portland, San Francisco, Ft. Worth, and Chicago for the purpose of discussing the proposed standards and securing the suggestions, criticisms, and comments of the representatives from the wholesale and retail meat trade, livestock commission firms, packers, college teaching and extension service staffs, livestock producers, livestock market reporters and others. At none of the hearings were serious objections raised with respect to the standards, and it was generally agreed that universal standards were advisable.

As a result of the widespread interest in the marketing of livestock and meat that was created during and following the hearings, a meeting was held in Kansas City on July 22-23, 1926, for the specific purpose of discussing the advisability of grading and stamping the two highest grades of

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beef--Prime and Choice--and of forming an organization for sponsoring such a service. This meeting was attended by approximately 250 prominent cattle breeders and feeders from all parts of the country, and it was their contention that if a system were developed for labeling the different qualities of beef so that consumers would have a reliable guide to the quality they desired, it would encourage the consumption of beef and also provide a means for reflecting consumers' preference back to the producer. This organization was named the "Better Beef Association," and Mr. Oakleigh Thorne of Briarcliff Farms, Mill Brook, New York, was its first president.

The Secretary of Agriculture assured the Better Beef Association that the Department would supervise the grading and stamping of beef on an experimental basis for one year provided a satisfactory agreement for its conduct could be reached between the producers and packers. Mr. Thorne proceeded to call a meeting of representatives of producers and national packers in December 1926. At this conference, the packers contended that the grading and stamping of beef was unworkable, but the Department and the Better Beef Association contended that it merited a trial. Their opinions prevailed, and the National Live Stock and Meat Board accepted the request of the Association that it assume the responsibility for developing the project to a workable basis. On March 17, 1927, at a special meeting called by the Board and attended by representatives of the Better Beef Association, the Department, and the packers, an agreement was reached with respect to inaugurating the service. The Department agreed to station graders at ten cities--Chicago, Kansas City, Omaha, St. Joseph, Sioux City, Topeka, Boston, New York, Philadelphia, and Washington; Prime and Choice grades of steer and heifer carcasses and cuts were to be graded and stamped upon request and without charge, with a stamping

device developed by the Department. The packers agreed to give the service a fair trial and to include federally graded Prime and Choice grades of beef in their price quotations to their trade. The beef grading and stamping service was begun on May 2, 1927.

At the outset only four national packers signified their intention of using the service. The volume of grading during the first few weeks was disappointingly small, and investigation revealed that the packers were discouraging rather than encouraging the use of federally graded beef. This was done by indicating to prospective customers that federally graded beef was not available and by charging up to three cents per pound more for federally graded beef than for similar quality beef which was not graded. It also developed that the packers were developing their own private brands which they began to apply to beef in August 1927.

First Year of Experimental Grading

During the first year of experimental grading a total of 33 packers operating 49 plants in the 10 selected cities requested the service. Many smaller, independent packers who did not use the service at the outset soon realized that if they had their beef federally graded they could sell it on an equal basis with the national packers. Although it was originally agreed that beef would be graded only after orders were received for it, many of the smaller packers quickly broke away from that agreement and had all of their Prime and Choice beef graded. Thus, during the very first year of operation, the pattern for use of Federal grades that was to prevail throughout the ensuing years was fairly well indicated—the national packers for the most part using grading only on demand while the independent packers,

recognizing Federal grading as their salvation, made increasing use of it.

During the first year, the National Live Stock and Meat Board, with \$25,000 furnished by the Better Beef Association, was very active in support of the grading program. Four bulletins describing the service and its advantages were prepared and given wide distribution during the first six months. The Board also prepared articles for use in livestock and meat trade journals, developed large colored posters for display in retail stores, and gave widespread publicity to the new national grading service by radio talks and in conjunction with meat exhibits and meat cutting demonstrations. This information was very effective in creating demand for federally graded beef. Since only about 5 percent of the total beef production was eligible for the Prime and Choice grades, this increased demand, particularly from the trade that normally did not desire Prime or Choice grades, precipitated the expansion of the service to include the Good grade in January 1928.

Change to Voluntary, Self-supporting Basis

On July 1, 1928, the grading service was discontinued as an experiment but continued as a voluntary, self-supporting service, with a fee of \$2.00 per hour being charged those requesting the service. At the same time, grading was made available for all classes and grades of beef. Except for city ordinances in Seattle, Ogden, and Miami requiring Federal grading of meat sold in those cities, and for two periods of compulsory grading during emergency price control programs, meat grading has continued on the same voluntary, self-supporting basis until the present time. The growth of the service was rather slow but steady until the first period of compulsory grading, September 1942-October 1946. Following this period it remained at a much higher level than before. Since the second period of compulsory grading from

May 1951 to February 1953, the volume of grading has been maintained at a level approximately double its rate immediately prior thereto. Table 1 presents information showing the growth of the service for selected years between 1930 and 1954.

Table 1. Total weight of beef federally graded or certified as complying with specifications, total beef production and percent federally graded or certified, for selected years 1930 through 1954

Year	Beef graded or certified 1,000 lbs.	Total beef production 1,000 lbs.	Percent graded or certified
1930	68,750	5,917,000	1.16
1935	267,775	6,608,000	4.05
1940	578,436	7,175,000	8.06
1947	2,951,463	10,432,000	28.10
1950	2,262,392	9,538,000	23.72
1954	5,708,286	12,991,000	45.94
1955	6,049,998	13,615,000	44.44

Because consumers tend to confuse the grade stamp on meat with the meat inspection stamp or to assume that because the meat is federally graded it is also wholesome, the Federal grading of meat is restricted to that produced in plants which operate under Federal meat inspection or some other type of government inspection that has been approved by the Department.

Changes in Official Standards

Changes in the official grade standards, as such, are always confusing, particularly from the standpoint of consumers. However, standards for grades

of agricultural products cannot be static---they must be dynamic in nature in order to be of greatest value to the industry. In keeping with this philosophy the Department has not been reluctant to make changes in the standards when it has felt that such would work to the advantage of the industry. Changes in standards may be proposed by the Department or offered as proposals by industry. However, before giving serious consideration to a change suggested by industry, the Department must be convinced that such will make a substantial improvement in the standards. All proposed changes are published in the Federal Register and a period of time allowed for interested groups and individuals to submit their comments thereon. A decision is made with respect to adopting proposed changes only after all comments are received and analyzed.

Changes are usually made in the standards for one or more of the following reasons: (1) To clarify the intent of the standards or otherwise to improve the ease or uniformity of their interpretation, (2) to incorporate the results of research findings with respect to the importance of various grade factors, or (3) to keep the standards abreast with established changes in consumer preferences and production practices.

The original standards provided separate grade standards for each class of beef--steer, heifer, and cow--and when beef was graded, the class was indicated in conjunction with the grade. In 1932, in response to a demand for some means of identifying carcasses from very young animals, particularly very young heifer beef, standards for "yearling" beef were developed and put into use. While this appeared to have a useful purpose to some segments of the industry, it added a fourth "class" group and thus created additional confusion because consumers then had to distinguish between the same grades

of steer, heifer, yearling, and cow beef. In 1939 an effort was made to simplify the grading system by placing beef from steers, heifers, and cows under a single standard, and identification of class was removed from the grade roller. At the same time the grade names "Medium" and "Common" were changed to "Commercial" and "Utility," respectively. In this revision, evidences of maturity were given prominent consideration, and the Prime, Choice, and Good grades were restricted to beef from young animals, while beef from mature animals was included in the four lower grades. While this revision did simplify consumers' purchases of beef graded Prime, Choice, or Good, it created a very wide range of characteristics in beef which qualified for the Commercial or lower grades. In the Commercial grade, for instance, beef from young animals which was quite lean was included with the very fattest beef produced from mature animals. A similar situation was present in the Utility grade. At the time this change was made in 1939 there was very little demand for the grading of the Commercial or lower grades. However, it was felt that despite the dissimilarity of the beef in these lower grades the market value of all beef in each grade was quite similar. During the first period of compulsory grading, however, it became apparent that this wide variation in characteristics of the Commercial grade was too great to be tolerated in a single grade. Therefore, in 1949 the Department proposed to divide the Commercial grade strictly on the basis of maturity and to assign the term "Regular" to beef from young animals and retain "Commercial" for beef from mature animals. As a result of the impetus that had been given Federal meat grading during the first period of compulsory grading, the volume of beef being graded at that time had reached such proportions as to be a very important factor to the industry. As a result, the industry was unwilling to accept

this single change in the standards as proposed by the Department. Spear-headed by the American National Cattlemen's Association, the industry offered an alternative proposal which, after much consideration, was finally adopted in 1950. In this revision the Prime and Choice grades were combined into a single grade named Prime, the Good grade was renamed as Choice, and beef from young animals in the upper half of the Commercial grade was renamed as Good. These were the most drastic changes that had been made in the standards since their original adoption, and the Department gave its approval to the changes only after receiving convincing evidence that they were in keeping with established changes in production practices and consumer preferences for beef. That the changes were most appropriate and popular is evidenced by the fact that the percentage of the total beef production that was federally graded approximately doubled during the five year period since the change.

With respect to the Commercial grade, however, the 1950 revision only partially accomplished the original desires of the Department--the same wide variability in characteristics was still included in that grade. The second period of compulsory grading again focused attention on this undesirable situation in the standards with the result that in 1955 the Cattle and Beef Industry Committee recommended that the Commercial grade be divided as originally proposed by the Department in 1949--strictly on the basis of maturity. This proposal had little opposition and will be made effective June 1, 1956. Under this change beef from young animals formerly graded Commercial will be graded Standard, while beef from mature animals will continue to be graded Commercial.

In 1949 the standards were also amended by deleting therefrom all reference to color of fat.

Benefits to Livestock Producers

Because Federal grades for meat are used so extensively by packers, wholesalers, retailers, and consumers, many people have the mistaken belief that the service is conducted primarily for the benefit of these groups without consideration of the interests of the livestock producer and feeder. Such, of course, is not the case. The Department considers the meat grading service an integral part of a system of marketing services which contributes immeasurably to the welfare of livestock producers. While it is true that the various segments of the meat trade as well as consumers derive great direct benefits from the use of the Federal standards, these indirectly accrue to the advantage of producers. Packers have found that federally graded meat can be sold anywhere in the country with minimum risk of dissatisfaction or complaint as to its quality, and this has enabled small independent packers to expand their operations and become a very important factor in the beef slaughtering industry. This has increased the number of packers competing for cattle, which is, of course, very advantageous to producers. Retailers have found that buying on the basis of Federal grades can often eliminate the need for personal inspection of the meat and make substantial savings in purchasing costs. With effective competition in the field, such savings in distribution costs are reflected to result in comparable benefit to producers. Consumers' satisfaction with their meat purchases is a very important factor in determining the quantity they purchase and the price they are willing to pay. Meat is consumed not so much for its nutritional value as for its appetite appeal and the pleasure and satisfaction derived. Needless to say, consumers are much more inclined to purchase meat if they can be reasonably sure that its quality is dependable, and they have

found that the Federal grade stamp gives them that assurance. To the extent that Federal grading stimulates increased consumer demand for meat, this demand will be reflected to the producer when competition is active.

Federal meat grades are designed to be perfectly correlated with the corresponding grades for slaughter livestock. Since the Department uses these standards as a basis for reporting the livestock and meat markets by grades, this permits information on market conditions in the meat trade to be applied directly to the marketing of livestock. The use of these reports by producers enables them to estimate livestock values quite accurately and is a distinct aid to them in deciding where and when to market their livestock. Market news statistics are also used extensively in connection with the forecasts of market trends and developments which are so useful to farmers in planning their production and marketing programs. The usefulness of price and volume data for such purposes would obviously be reduced considerably in the absence of uniform grading to provide a comparable basis regardless of locality or time. Unquestionably, today's livestock producers have more and better information available to them with which to plan their operations than at any time in history, and in this connection the Federal grading of meat makes a distinct contribution.

Administration of the Meat Grading Program

Federal meat grading is predicated on the uniform application of the standards in all parts of the country at all times. Since meat which is graded in one part of the country may be shipped to any other part of the country, it has been imperative that the Department adopt a supervisory system which will assure that all graders interpret and apply the standards as nearly alike as is humanly possible at all times. This has been accomplished by

establishing 18 main grading stations at the principal marketing centers of the country. A supervisor is located at each of these main stations, and in most instances one or two assistant supervisors also are located in the area. These supervisors and their assistants work closely with the graders assigned to their stations--instructing them in the interpretation and application of the standards, reviewing their grading, and resolving differences of opinion between graders and the trade. These supervisors also review the work of graders in other stations when graded meat is shipped from one area into another. In addition to this more or less local supervision, there is maintained a small corps of assistant national supervisors who are in almost constant travel status, traveling from one station to another where they work with local supervisors and graders to assure that the grading is done uniformly in all parts of the country. The grading at each main station is reviewed by one of these traveling supervisors from one to three or more times each month.

In addition to the above described types of supervision, main station and assistant national supervisors are frequently brought together in regional or national meetings for intensive correlation of ideas on the fine points of grading and for detailed and explicit discussion and demonstration of the interpretation and application of the standards. These meetings are conducted by standardization and grading personnel from the Washington office. Since graders, rather than supervisors, are the ones who do the actual grading, methods used to instruct graders along these same lines are also discussed. Local supervisors hold similar meetings with their assigned graders, and in this manner graders in all parts of the country are given the same instruction and supervision.

In recent years in particular, criticism of Federal meat grading has been frequent, and it can reasonably be expected to increase with additional growth in volume of grading. Being a voluntary Federal service, there is no provision for an aggressive program calling attention to its many benefits. Opponents of Federal grading recognize this restriction and take full advantage of the situation by playing down the value of the grading service. Criticism of grading usually comes from two general sources—packers and producers. Almost daily complaints are registered by packers with respect to the grading of individual carcasses, but these usually are rather easily reconciled at the local level. General complaints of "undergrading" from packers are usually associated with wide price differentials between adjacent grades of meat which are caused by abnormal supply and demand situations. Complaints from producers generally coincide with times of financial distress. In recent years these types of criticism have resulted in an almost continuous effort on the part of those charged with the administration of the program to investigate and report on the validity of such complaints. Admittedly, graders are not always infallible in their determination of grade. Generally speaking, however, any mistakes will tend to be in overgrading a relatively few carcasses because many of those who request the grading service are naturally interested in seeing that their meat is graded with the highest grade it can possibly merit under the standards.

Future Development of Grade Standards

Federal grades for meat are now established as a basic tool in the marketing of livestock and meat. Therefore, it seems inevitable that pressure from various segments of the industry for "juggling" of grade lines to take

a temporary advantage of an apparent established demand for a higher grade of meat will continue and will probably increase.

This indiscriminate juggling of grade lines presents one of the most serious dangers to the Federal grading system. If the Department should concede to the continual pressure for relaxing certain grade lines, it would eventually result in grades so wide that they would be meaningless. Permanent improvements in grade standards will depend largely on more factual information on the contribution of the various characteristics of meat to its palatability. Therefore, as such information becomes available and is incorporated into the standards, the grading of meat will become increasingly technical but much more objective and precise.

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